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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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15 June 1968

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Approved For Release 2003/01/29 : CIA-RDP79T00975A011400080001-6

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No. 0183/68
15 June 1968

Central Intelligence Bulletin

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South Vietnam: The general lull in enemy military action is continuing throughout the country amid further signs that attacks on Saigon and other urban centers may be planned soon.

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Although the scope of the assaults may be blunted due to allied countermeasures, it is probable that the enemy hopes to stage another widespread flurry of offensive activity in an effort to keep up the image of continuing military capability and retention of the initiative.

* * * *

There is further evidence that the enemy military and political pressure is creating additional disenchantment with the war on the part of the educated elite in Saigon. According to the vernacular press, students at Saigon University issued a statement on 13 June calling on the government to bring the war to an early end through negotiations.

Reportedly, the statement was signed by nine of the 14 academic deans at the university. It denounced the continuing destructiveness of the conflict and stated that a realistic solution would be one "accepted by the belligerent parties." The extent of student backing for the statement is currently unknown.

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USSR: Moscow is deliberately playing down prospects of a significant improvement in its relations with the US.

Since the UN approval of the draft nonproliferation treaty and the conclusion of the US-Soviet consular agreement, Moscow has tried hard to avoid any notion that it might work more closely with the US while the war in Indochina continues. Soviet press reaction to President Johnson's recent widely publicized appeals for more US-Soviet cooperation despite Vietnam has been uniformly unfriendly.

Moscow probably does not wish to give Peking any sign of Soviet-US accommodation. The Soviets also have presumably concluded that any expression of interest on their part in improved Soviet-American relations would weaken Hanoi's negotiating position at Paris.

Soviet propaganda against the US has become more virulent. The Soviets have portrayed the assassination of Senator Kennedy as evidence of America's penchant for violent solutions to its problems at home and abroad.

The USSR's reluctance to permit any public suggestion of improved relations with the US has also been evident in the negotiations for renewal of the US-Soviet cultural exchange program which expired last January. Soviet negotiators have indicated that the USSR wants some reduction in the program, de-emphasizing in particular such "high visibility" exchanges as exhibits and performing arts groups.

Soviet anxiety over trends in Eastern Europe and the impact of "alien ideas" within the USSR are, along with Vietnam, important ingredients in the present Soviet attitude.

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[East-West Germany: The leaders of the Bonn government wish to discuss the Berlin access situation with top Western Allied officials.

Rainer Barzel, a leading member of the Chancellor's party, has said publicly that Kiesinger would contact President Johnson, President de Gaulle, and Prime Minister Wilson by letter or telephone. A West Berlin official has reported that Kiesinger and Mayor Schuetz, during their talks, concluded that the East Germans had dealt a blow to morale in West Berlin.

Meanwhile, Bonn is signaling its displeasure with Moscow. Ambassador Allardt has been summoned home from Moscow for consultations. In a related development, speculation is increasing that Bonn might now take a negative stance toward the nuclear nonproliferation treaty. Opponents of the NPT apparently are seizing on the argument that West Germany cannot support the Soviet-backed treaty draft at the same time Moscow is permitting East Germany to tamper with Berlin access.

A Czechoslovak [] expressed the opinion that the East Germans invoked the access restrictions in order to check the progress of the rapprochement between Czechoslovakia and West Germany. He believed that Ulbricht had also considered imposing restrictions on travel to and from Czechoslovakia but that Moscow had vetoed this step. In his view, a sharp Western response would serve Ulbricht's interests. It is not yet known whether these views reflect opinions of other Czechoslovak leaders. []

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USSR-Czechoslovakia: Soviet pressure on Czechoslovakia seems to be on the increase again.

Pravda yesterday accused Cestmir Cisar, a Czechoslovak party secretary, of being revisionist and opportunistic. The article was the first specifically anti-Czechoslovak article since Premier Kosygin's visit last month, and the first public attack the Soviets have made by name on a leading Czechoslovak personality since the new leadership came to power in January. It seems directed at a speech Cisar made on 6 May. This suggests that Moscow has been holding its criticism in reserve for some time.

Earlier in the week Moscow had formally protested an article in a Czechoslovak Catholic party newspaper. The protest amounted to an admonition to the Dubcek regime to curb press freedom. The Soviets are also holding back on a financial loan in what is probably another form of pressure on Prague.

The Soviet decision to end the period of relative calm probably springs from dissatisfaction over the lack of any recent signs that Dubcek is tightening his control over the press or generally slowing down his reform program. While urging restraint on the information media, the Dubcek regime nevertheless has introduced legislation abolishing censorship, and has reasserted its intention to implement other aspects of its action program.

Neither Cisar nor the Czechoslovak press has yet answered Pravda's attack. Yesterday, however, Literarni Listy, the weekly journal of the Czechoslovak Writers' Association, published an article eulogizing Imre Nagy, who led the abortive Hungarian revolution in 1956. This will disturb the Soviets and probably upset Dubcek, the Hungarians, and other Eastern European regimes. The timing is especially awkward for Dubcek, who is presently visiting Budapest to sign a new treaty of friendship and mutual assistance.

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Warsaw Pact: The hastily arranged nature of the command-staff exercise about to begin in Czechoslovakia and Poland has been confirmed [REDACTED]

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[REDACTED] the exercise originally was scheduled for the fall but that the Pact command decided to hold it in June in view of the "situation" in Czechoslovakia. The part of the exercise taking place in Poland will involve the Soviet forces normally stationed there. One of these two divisions has taken up a position on the Czechoslovak border. A Soviet division that moved early last month from the USSR to south-central Poland also will take part.

[REDACTED] no Soviet combat troops and no Polish forces of any kind will move into Czechoslovakia during the exercise. Soviet signal units will be used in Czechoslovakia to support Czechoslovak military units in the maintenance of communications with Pact forces outside the country.

[REDACTED] The Czechoslovak Defense Ministry has issued numerous press statements attempting to allay domestic fears that the USSR will use the exercise to cover military intervention. The vagueness of these statements, however, does not rule out the eventual participation of some Soviet combat troops. [REDACTED]

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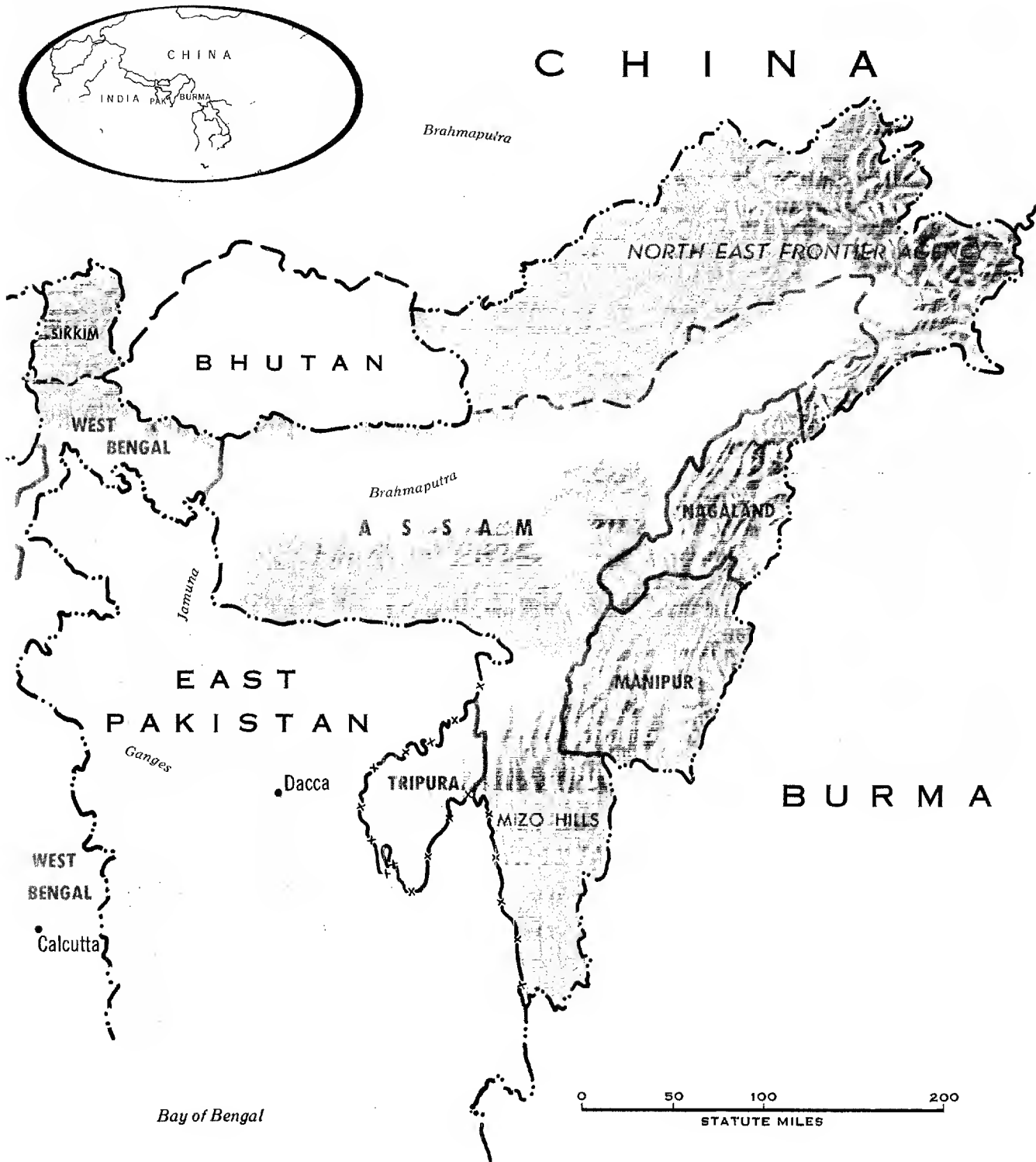
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India - Communist China: The Indians claim to have confirmation that Communist China is aiding rebel Nagas.

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[redacted]
[redacted] the army obtained evidence of Naga-Chinese collaboration during a recent military clash in Nagaland. [redacted]

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The rebel Nagas involved are thought to be from a group of about 200 that left for China [redacted]

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[redacted]
[redacted] The group apparently spent about seven months in China [redacted]

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The chief of India's eastern army command intends to "go after" any Nagas with newly imported weapons, particularly of Chinese origin. By taking a tough stance, he may hope to exacerbate the substantial split in the Naga underground leadership on the question of seeking Chinese aid for their independence movement.

Although the Chinese may have provided some small-scale arms support to the Nagas, it seems unlikely that Peking will involve itself more deeply. There is no evidence that the Chinese have given aid to other rebellious tribal groups in eastern India. The Chinese have, however, given propaganda support to the smoldering Mizo rebellion and to tribal resentment of Hindu domination in the Assam valley.

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[redacted] (Map)

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Laos: The government may be heading into serious financial difficulties.

Unless gold transactions, one of Vientiane's primary sources of revenue, increase substantially or the government takes unpopular steps to reduce expenditures or increase taxes, the country may be faced with an unusually high budget deficit in the coming fiscal year. Tax receipts from gold imports have decreased significantly because of unsettled conditions in the world gold market.

US experts believe that a large deficit would encourage inflation and might undermine US and other foreign support for the international currency stabilization fund in Laos. Contributors to the fund have grown restive over what they regard as Vientiane's excessive spending.

Finance Minister Sisouk na Champassak is willing to make deep cuts in the military budget to maintain civil expenditures, but army leaders have made it clear that such a course is unacceptable.

25X1 [redacted] army head General Ouan not only rejected Sisouk's proposal but favored sharp increases in military pay and benefits.

25X1 In addition to placing strains on the internal political situation, the incipient financial crisis may aggravate relations with the US. Lao officials have said in the past that as long as they carry a military burden against the common enemy, the US has an obligation to foot the bill. [redacted]
[redacted]

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Kenya: President Kenyatta's failing health and growing indecisiveness are clouding the prospects for an orderly transfer of power in Kenya.

Although he returned to work soon after his mild stroke of 4 May, it is becoming clear that his condition has deteriorated. In a public address on 1 June his delivery was marked by frequent stumbling, long pauses, and repetitions.

Should Kenyatta die, the constitution provides that Vice President Daniel arap Moi would become interim leader of the government until a successor is elected by the National Assembly. Kenyatta's fellow Kikuyu ministers, who are backing Moi, had planned, however, to avoid a showdown in the assembly with the followers of Tom Mboya, the Luo minister for planning and development. Early this year the Kikuyus had submitted to the assembly a constitutional amendment with requirements which would disqualify Mboya's candidacy.



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Kenyatta has not delegated authority to his principal subordinates and is becoming unable or unwilling to make decisions. This has stymied effective administration to some extent. It raises the possibility that if Kenyatta's deterioration is protracted, the reactionary Kikuyu inner circle may attempt to govern in his name and gradually usurp effective power.



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Dahomey: Chronically unstable Dahomey is facing the threat of new strikes next week.

When the present military rulers took over the government in December 1967 after a paralyzing general strike, they promised to return the country to civilian rule within six months. The labor leaders who organized the strike now contend that their grievances have never been satisfied and that as soon as six months have elapsed they will again call the workers off their jobs to force a study of their demands.

The military regime's timetable for return to civilian rule was disrupted when two of the three top political leaders engineered a mass boycott of the elections in May. The military leaders now hope to persuade the exiled politicians to agree on a single presidential candidate and have scheduled a meeting with them today in neighboring Niger. Prospects for agreement on such a candidate do not appear bright, and even if achieved would be only the first of many hurdles which would have to be overcome.

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Brazil: The Communist Party apparently is trying to organize a united front that would include key opposition and church leaders.

Party secretary general Luis Carlos Prestes met recently with ousted former president Joao Goulart in Montevideo. [REDACTED]

Goulart agreed to support the Communists' efforts to form a united front, but will not actually join the party. The united front is part of the party's peaceful road to power strategy, which has already resulted in two splits and may be alienating the more militant youth.

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One of the Communists' primary goals reportedly is to improve relations with the church, and they particularly hope to give the impression that Archbishop Dom Helder Camara supports the front. Dom Helder is a leading voice for social reform in Brazil, and he has recently called for a "nonviolent" campaign throughout South America to correct social "inequalities." [REDACTED]

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Turkey: Leftist students apparently are making determined efforts to seize control of the spreading student strike. The president of the leftist student union has called for a meeting of student leaders on Sunday to discuss joint action. Moderate student leaders have affirmed their determination to prevent leftist control of the student boycott. [REDACTED]

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Yugoslavia: The Yugoslav Communist Party has attempted to meet student grievances by publishing a new policy paper proposing thorough economic and social reforms. The paper calls for narrowing the income gap between workers and administrators, solution of students' financial and social problems, and measures to end the country's economic stagnation. The continued divisions within the party, however, will make it difficult to implement the new guidelines. [REDACTED]

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Rhodesia: Guerrillas may launch new operations in the country soon. [REDACTED]

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[REDACTED] coordinated attacks
[REDACTED] will be made in

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widely separate areas of Rhodesia within two weeks.

Rhodesian security forces have dealt successfully with a similar number of guerrillas who infiltrated in March. They have had to continue mopping-up operations against small fugitive bands from this group, however. They should be able to cope with the new incursions; if not, Salisbury might use some of the South African security forces now in the country. [REDACTED]

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